

Comments from Pre-Proposal Meeting  
Salem, Virginia  
October 2, 2002

MR. JEWELL: Thank you. It's always nice to be first out of the box. My name is Tom Jewell and I'm the Public Affairs Manager for MeadWestvaco in Covington, and a co-chair of the Smart Solutions Group. I also represent the Alleghany-Highlands Chamber of Commerce and numerous other businesses that are members of the Smart Solutions Group. I have worked for MeadWestvaco for twenty-five years, and my office is located at our mill in Covington, Virginia.

Most of what I have to address tonight is some concerns from our business perspective, but hopefully you'll take those into consideration when you look at these new proposals.

MeadWestvaco Corporation is a leading global producer of packaging, coated and specialty papers, consumer and office products, and specialty chemicals. The company operates in thirty-three countries, serves customers in approximately one hundred nations, and employs more than 30,000 people worldwide. In Virginia, our operations employ about 3,000 people.

MeadWestvaco is concerned that any application of tolls on Interstate 81 would have unintended consequences and a disproportionate impact upon the businesses in Virginia, and specifically on our operations. Our world class paper mill in Covington produces over 950,000 tons of paper per year. About forty percent of this is exported overseas, most of it through the Virginia ports. According to the Virginia Port Authority, we are the third largest exporter in the state, and the seventh largest in the country.

An unintended consequence of the proposed I-81 tolls is that it would disproportionately impact MeadWestvaco affecting ninety percent of all of our outbound shipments. In 2001, the mill shipped 35,063 truckloads to destinations in the United States and worldwide. Nearly all of these loads have some portion of their moves over Interstate 81. The financial impact on MeadWestvaco of a thirty cents per mile toll would be more than \$1,000,000.00 per year. Another unintended consequence is that the tolls would impact our ability to compete overseas. Market and competitive conditions make it challenging to compete in today's world market. The U.S. dollar has been especially strong in the last few years, having a significant impact upon our ability to sell paper abroad. In addition, there are several regions in the world where an expense of raw materials and labor

coupled with less stringent environmental regulations enable these foreign manufacturers to produce low cost paper. The imposition of additional costs of the tolls that are in question would further erode our competitive position in these world markets. The tolls would also disproportionately impact those carriers who serve MeadWestvaco at Covington, as most of their revenue and cost is focused in the Shenandoah Valley. This, too, would competitively disadvantage us in serving both the domestic markets and in our significant export position. Without our efficient Virginia-based regional motor carriers, our company would be dependent upon national long haul carriers to transport local shipments. A logistics system established on long haul economics would be inefficient and costly.

We urge the Virginia Department of Transportation to consider whether the entire I-81 corridor needs upgrading and to explore other potential solutions, which I know you are. For example, an alternative route for I-64 East could help relieve traffic from I-81 from the Charlottesville and Richmond areas and from the Norfolk tunnels. This route would begin in Lexington, going east parallel to Route 60 and then southeast, passing just south of Petersburg, and then parallel to Route 460 to Norfolk.

MeadWestvaco supports a comprehensive statewide solution to transportation issues that will address the need for public safety, investigate all modes of transportation to include rail and intermodal facilities, and develop a fair and equitable means to finance any needed infrastructure improvements. Alternative routes and modes of transportation must be considered in this study in order to develop an effective long term solution that will meet the future needs of the manufacturing and transportation segments of the economy.

Finally, we strongly encourage the State of Virginia to consider other more equitable methods to finance the proposed changes.

MR. ZIMMERMAN: Thank you.

Good evening. My name is Don Zimmerman. I'm Vice-President for the John Hancock Joist Company located just outside of Salem in Roanoke County. We're about two-and-a-half miles off of Exit #137 on I-81. We are a subsidiary of Roanoke Electric Steel, employing approximately 250 employees. Our company consists of two divisions. The bar joist division was created back in 1945 by Mr. John Hancock. His plant originally was located in Roanoke, and moved to its Roanoke County location in 1972. We have sales offices located in Cincinnati, Cleveland, and Greensboro. Our product is sold to structural steel fabricators, contractors, steel bar joist brokers, facilitators, and to metal building industries, all located in the northeastern United States. We serve a district from just north of North

Carolina westward all the way to the Mississippi. Our current backlog, or has been in the last few years, is focused in the States of Virginia, Maryland, Ohio, and New York. Our products are used in the construction of various types of commercial and government buildings, such as schools, warehouses, retail buildings, hotels, distribution centers such as Wal-Mart and Lowe's. They're used as floor and roof supports. One hundred percent of our product is moved both into and out of our plant by flatbed trucks. Our second division, the rack division, is located just across the street. It started up in the mid-1990's. It supplies structural and cantilever rack systems which again are installed in warehouses, retail cold storage buildings. We service the entire United States. We have customers in Canada, California, Texas and Florida. We supply structural systems to all of these states, all furnished by flatbed trucks. We figure that over the past three years, the two divisions have produced right at 171,000 tons of steel. If we were to use a conservative figure of fifteen tons per truck, we estimate about 11,400 loads during this period, or 3,800 loads per year. We estimate that 95 percent of those loads travel Interstate 81 at some point. When I really stop to think about it, basically all we do is move steel from one point to another. It's all the things that we do in-between that really define who we are. Things like cutting steel, shearing, bending, welding, painting, all of these things go together in an attempt to meet a schedule, a pre-defined schedule of our customers. We're pretty good at it. A quality product delivered on time at a competitive price is what we are.

We're all aware of the doom-and-gloom atmosphere hovering around the steel industry. It's for real. In the past two-and-a-half years there's been two new joist plants constructed in the States of New York and Indiana, right in our back yard. Competition will remain strong for us even long after the steel industry recovers. Because our closest competitors are located in South Carolina and Maryland, we feel that any proposal of a tax or toll on ninety-five percent of our freight will cause a negative impact on Hancock by creating a competitive disadvantage. We strongly urge you not to consider this proposal.

MR. EANES: Good evening.

Good evening. My name is Richard Eanes, and I'm President of Warren Trucking Company, located in Martinsville, Virginia. I'm also Chairman of the Martinsville-Henry County Chamber of Commerce Transportation Committee. Additionally, I'm a member of Smart Solutions, which is a diverse coalition of individuals, businesses and organizations that support improving I-81 to enhance safety, reduce congestion, and promote economic prosperity through the corridor. This coalition includes

manufacturers, shippers, truckers, safety experts, truck industry vendors, Chambers of Commerce, and industry associations. Tonight, I would like to share with you a number of concerns that I have regarding any proposals that may be submitted for the improvement of Interstate 81. First, the safety features included in any plan should incorporate sound input from trucking and transportation industry safety experts.

Secondly, in addressing the issue of congestion, especially during peak rush hours, VDOT should examine the impact that cars have during these time frames and not just trucks. Automobiles account for eighty percent of the traffic, and trucks are only twenty percent. Any viable solution to mitigate congestion must take the automobile traffic into consideration. Additionally, any plan that includes significant tolls on the trucking industry would have a devastating impact on local Virginia-based trucking firms, including my company, Warren Trucking. At Warren, we employ approximately 200 people in Martinsville, Virginia. One plan to improve Interstate 81 that has already been submitted and was subsequently rejected by VDOT proposed to toll trucks only as a means of partially funding the project. The tolls in this proposal were estimated to be in the ten to forty cent per mile range. At that level, my company's costs would increase by \$200,000.00 to \$800,000.00 annually. On the upper end of the scale, that would totally eliminate our profit margin and our ability to survive as a viable employer if these costs cannot be passed onto our customers in a highly competitive industry which survives today on an after tax profit of only about two percent. As I am sure you are aware, Martinsville, Virginia, and Henry County, which depend heavily on truck service from I-81, have suffered greatly in the recent past. Thousands of jobs in the textile and furniture industry have gone offshore as a result of NAFTA and low cost labor in the Pacific rim. Our combined unemployment rate is one of the highest in the state, and is in excess of fifteen percent, and our community simply cannot stand the loss of anymore jobs, and we must attract new industry if we are to survive economically. This simply would not happen if truck-dependent businesses are put at a competitive disadvantage as a result of truck tolls that their competitors outside of the I-81 corridor do not have.

Another matter of concern that should be taken into consideration is diversion. The trucking industry executives routinely utilize software programs that determine the most cost effective routes. Excessive tolls will force companies to re-route their equipment over more economical state and local roads. Many of these roads in communities that they connect may not be able to accommodate increased truck traffic, which would result in

compromising safety further, the very reason for which I-81 needs improving today.

I'd like to thank you for your time in allowing me to share my concerns on behalf of Warren Trucking Company, the Martinsville and Henry County Chamber of Commerce, and Smart Solutions.

Thank you very much.

MR. MOYER: I'll be very brief. I hadn't intended to speak tonight, but our other featured speaker was not able to get here. I'm Al Moyer, representing Star Solutions, which is a consortium of Virginia and international consulting and engineering firms that put forth a proposal under the PPTA Program in January. That proposal was returned as the Virginia Department of Transportation decided on what new criteria it would use to evaluate proposals on Interstate 81, and certainly Star Solutions intends to resubmit their proposal, taking into consideration the criteria that have been put forth. I would just list a couple of things that are included in the Star proposal without going into great detail. Very simply, to separate cars and trucks, to address safety and congestion concerns on Interstate 81, to add at least two lanes in each direction, to project a project completion date within 15 years, to offer a 20 year roadbed warranty, and to utilize General Assembly authority that was granted this past session to collect user fees on trucks.

Again, Star Solutions looks forward to the opportunity to resubmit its proposal and look forward to a good working relationship with the Virginia Department of Transportation.

Thank you.

MR. LEWIS: I'm Clark Lewis with the law firm of Tropp & Sanders. I have one question.

Currently, the law permits the tolling of trucks on Interstate 81. Would VDOT reject a proposal that considers or contemplates tolling passenger cars if the person or the company that submits the proposal has a good faith belief that the law may change with the next General Assembly?

MR. KERLEY: This is a question we got last night, also.

MR. LEWIS: Correct.

MR. KERLEY: VDOT can't tell people what to put in their proposals.

MR. LEWIS: Right.

MR. KERLEY: We will review the proposals. We will review the proposals as they come in. We could not approve a proposal unless the law was changed.

MR. LEWIS: Right.

MR. KERLEY: I assume the proposal would have... In the proposal, it would tell exactly the steps that the proposer was going to take to effect the law change and not expect VDOT to move forward to get that law changed.

MR. LEWIS: Right.

MR. KERLEY: There may be a timing issue from the viewpoint of the General Assembly and how they view these things. If we don't solve everything with one proposal, I'm sure that we'll be accepting things at different times as listed in here. But we wouldn't prohibit anybody from doing that, and we'd review the proposal when it comes in.

MR. LEWIS: Okay, thank you.

MR. KIFFNER: Back to your question, not only the state law has to be changed, but federal law has to be adjusted, also, to put tolls on interstate roads, not only in Virginia, but throughout the state. The laws have to be changed and we have to get approval. We've got letters written there over at FHWA requesting their comments on that.

MR. LEWIS: And I understand that if there's a toll proposal for trucks, similarly, that would have to be approved by the federal government, which has not done that. Is that correct?

MR. KIFFNER: Exactly.

MR. LEWIS: And, similarly, a passenger contemplated toll would be similar to what Star submitted last year when the law did not allow the tolling of trucks, but there was an expectation that the General Assembly might pass that law in the next General Assembly session.

MR. KIFFNER: Exactly. That would be part of the proposal...

MR. LEWIS: Yes, sir.

MR. KIFFNER: ...that anybody sent in, correct.

MR. LEWIS: Right. Thank you.

MR. SAADAT: My name is Seyed Saadat. I'm with Chi Associates, a consulting engineering firm, and a DBE firm in Virginia.

On page five of the solicitation, it refers to DBE participation with a goal of twelve percent. It further requests written documentation of the proposer's commitment to DBE, as well as written confirmation from the DBE that's participating.

On page eighteen, item eight under the evaluation and selection criteria, it further...it further requests the clear delineation of the use of DBE enterprises in development and implementing of project.

While I applaud and appreciate the department in that regard, I have some concern regarding the type and role of DBE participation. It is quite conceivable that the proposers satisfy their entire DBE participation or goal

purely and simply by the use of DBE suppliers and contractors, and/or contractors, thereby completely or substantially bypassing DBE design firms. As you know, there are numerous highly-qualified and capable design consulting engineering firms in Virginia who are DBE. Some of the DBE consulting firms are also highly specialized in a particular aspect of the design, and we were already actually working on I-81 projects before they were pulled by VDOT.

With the language as currently written in the solicitation, the entire 325 mile corridor may be designed without the use of these highly qualified DBE that are in Virginia.

My question is would the department consider inclusion of clarifying this statement or sentence on page five so that the DBE participation be implemented in at least two, if not all three of the planning, design and construction stages of the project?

Thank you.

MR. KERLEY: I don't think we're going to issue an addendum to this RFP, if that was the question that you asked. What you pointed out could possibly happen. There was a question posed to me at a consultant forum recently asking about the DBE question in the design and build, and, quite frankly, that's the reason that it's in here. With an unsolicited proposal, obviously we can't ask a proposer to come in with DBE because it's unsolicited and we don't know it's coming in. With a solicited proposal, we put this in here to indicate the support for the program that we have. We did not specify, as you pointed out, that it had to be used in the design phase, the construction phase, supply, et cetera. We just had a percentage in here. We would look, when we get to the Comprehensive Agreement... You know, through the conceptual plans you have to have a commitment to DBE during the detail plan. You have to have the written portion you referred to in the RFP. When we go to the Comprehensive Agreement, we'd be looking exactly at that point, exactly where...when we reach that agreement, how you're going to fulfill the twelve percent goal.

I can't tell you that we will not accept it as long as the twelve percent DBE goal is met. We want the flexibility of a proposer to try to get the best possible team he can put together. I agree with you 100 percent that there are some well-qualified DBE's, and I think proposers would be...it would be beneficial to them to get some of them on their team. But that's for the proposer to decide, and we'll evaluate that when it comes in.

**I-81 RFP MEETING  
Wyndham Roanoke Hotel  
Salem, Virginia  
October 2, 2002  
6 p.m.**

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